

FIRST SET OF INFORMATION REQUESTS OF
THE DEPARTMENT OF TELECOMMUNICATIONS AND ENERGY TO
ALL LDCS

D.T.E. 04-1

Respondent: Elizabeth D. Arangio

Information Request DTE 1-3

Q Please provide the following information for all of the Company's asset/portfolio management contracts in a tabular form.

- (a) name of asset/portfolio manager
- (b) length of contract, indicating starting and expiration dates
- (c) pricing terms
- (d) terms of contract, e.g., whether evergreen

A. To provide context and to better explain the data provided in tabular form below, the following information is provided. On January 22, 2003, KeySpan Energy Delivery New England ("KeySpan" or "Company")¹ issued a request for proposals (the "RFP") to seven (7) of the largest wholesale gas marketers, that provide asset management services, to assist KeySpan with the management of certain upstream interstate gas supply, transportation and underground storage assets (the "Resource Portfolio"). As a result of the RFP process, KeySpan entered into a contract ("Agreement"), with Entergy-Koch Trading, LP ("EKT") to both manage the Resource Portfolio and to provide city-gate gas supply to KeySpan's sales customers.² The initial term of the Agreement covered the period April 1, 2003 through March 31, 2004. For the period April 1, 2004 through March 31, 2006, KeySpan had the option to continue the agreement without change, or to convert the agreement to an alliance structure whereby the Company, rather than EKT, would manage the resource portfolio and purchase the required supplies for its sales customers.. KeySpan and EKT have agreed to continue the agreement without change through March 31, 2005 with the option for KeySpan to make an election regarding EKT's role as either asset manager or alliance partner for the final year of the contract beginning April 1, 2005 through March 31, 2006.

Under the terms of the contract, EKT pays a guaranteed fixed fee to the Company in equal monthly installments over the term of the agreement. In addition, the Company and EKT share any net profits generated by EKT. There are two net profit sharing

¹ The LDC's that do business under the name of KeySpan Energy Delivery New England are Boston Gas Company, Colonial Gas Company and Essex Gas Company in Massachusetts and Energy North Natural Gas, Inc. in New Hampshire. For purposes of this filing, "KeySpan" refers only to the Massachusetts LDC's.

² The EKT contract is similar in structure to the Company's portfolio management agreement with El Paso Energy Marketing Company ("El Paso") approved by the Department in Boston Gas Company, Colonial Gas Company, and Essex Gas Company, D.T.E. 99-76 (1999), and the short-term agreement between the Company and EKT that covered the period from November 1, 2002 through March 31, 2003.

opportunities for the Company. First, once EKT's mitigation revenues exceed the guaranteed management fee, KeySpan shares a portion of the additional revenues. Second, from time to time, the Company may allow EKT access to manage resources not part of the Resource Portfolio, such as downstream peak shaving assets. Any revenues generated by EKT from the management of the additional resources is shared with KeySpan.

The Company is responsible for paying all demand costs associated with its pipeline and underground storage resources. Commodity charges for city gate sales service are tied to access area market indices-which correlate to receipt points in the Resource Portfolio. Gas supplies delivered by EKT to meet the Company's sales requirements and storage refill requirements are paid for by KeySpan in accordance with a pricing hierarchy that reflects the manner in which KeySpan has traditionally utilized its gas supply resources to meet sendout requirements.³

LDC	Customer Name	Starting Date	Expiration Date	Pricing Terms	Contract terms
BGC	Entergy Koch Trading, LP	04/01/03	03/31/06	See above	Guaranty Payments and Net Share Profits
CGC	Entergy Koch Trading, LP	04/01/03	03/31/06	See above	
EGC	Entergy Koch Trading, LP	04/01/03	03/31/06	See above	

Pricing Hierarchy

Tier

Canadian Supply

Baseload

Swing

Storage

Price

Canadian Index + Variable charges

Baseload Index *

Swing Index **

WACOG ***

* weighted average Gas price as reflected in Inside FERC First of the Month's Pricing Report for Gas Delivered to Pipelines for the applicable supply area capacity associated with the transportation contracts

** weighted average Gas price as reflected in Platt's Gas Daily Pricing Report for the applicable supply capacity associated with the transportation contracts

*** weighted average cost of underground storage Gas